Illinois Department of Revenue

INFORMATIONAL BULLETIN

FY91-32 August 1990

+ CHANGES IN HOME RULE SALES TAX IN DE KALB Summary: Beginning with your September 1 sales, report your home rule sales tax to the state.

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|TO:|ALL RETAILERS AND +---+SERVICEPERSONS CONDUCTING BUSINESS IN DE KALB

This is to remind you that, beginning with sales you make on September 1, 1990, you will report and send to us both the home rule sales tax you collect and the state sales tax you have been collecting. These rates will be combined and preprinted on your Form ST-1, Sales and Use Tax Return.

HAS THE HOME RULE SALES TAX RATE CHANGED?

No change has occurred in De Kalb's 0.75 percent home rule sales tax rate for GENERAL MERCHANDISE. Therefore, the combined general merchandise rate will be 7.00 percent.

You will report receipts from this general merchandise tax on line 4a on the ST-1. Your preprinted return will show the correct combined rate.

In addition, no change has occurred in De Kalb's 0.75 percent home rule sales tax rate for QUALIFYING FOOD, DRUGS, AND MEDICAL APPLIANCES. Therefore, the combined food and drug rate will be 1.75 percent.

You will report receipts from this food and drug tax on line 5a on the ST-1. Your preprinted return will show the correct combined rate.

DO I CONTINUE TO PAY HOME RULE TAX ON A "CAPPED" AMOUNT?

No. In De Kalb the amount of home rule sales tax has been based upon a "capped" amount, the first \$3,333 of each sales transaction. After September 1, you will charge home rule sales tax on the entire amount of each transaction.

WHAT DO I DO WHEN A CUSTOMER PAYS ME AFTER SEPTEMBER 1 FOR A PURCHASE MADE EARLIER AT A DIFFERENT RATE?

If the original purchase was made at a different tax rate from those rates in Line 4a and 5a, you must report these receipts on Line 8a of the ST-1.

WHAT'S NEW FOR AUTO DEALERS?

If you sell cars or other items that require a title, you should pay special attention. The home rule sales tax does not apply to these sales, and receipts from these sales will continue to be taxed at the current rate of 6.25 percent when reported on Form ST-556.

However, the rate of 7.00 percent reported on Form ST-1 will apply to receipts from sales of general merchandise, such as the parts you sell over the counter and the parts you use during service of motor vehicles and airplanes.

WHAT'S BEING TAXED?

The home rule sales tax has the same BASE for general merchandise as the state tax you are already familiar with. (The base refers to those items that are taxed. Any item that is exempt from state tax will also be exempt from this home rule tax.)

DO I CHARGE HOME RULE TAX TO ILLINOIS CUSTOMERS WHO LIVE OUTSIDE MY HOME RULE MUNICIPALITY?

Effective September 1, 1990, you will charge home rule tax on your sales (except sales reported on Form ST-556) regardless of your Illinois customer's address or the sale's point of delivery within this state.

WHAT ARE MY SPECIAL FILING INSTRUCTION?

+ Monthly filers
Your September return
will be the first
return to have
combined rates. The
due date of October
31, 1990, for the
return for September
1990.

- + Quarterly filers
 You will have two
 returns for the third
 quarter. The return for
 July and August will be
 preprinted with the
 lower rates, and a
 return for September
 will be preprinted
 with the higher
 combined rates. The
 due date for both
 returns is October
 31, 1990.
- + Annual filers
 You will have two
 returns. The return for
 January through August
 will be preprinted with
 the lower rates, and a
 return for September
 through December will
 be preprinted with the
 higher combined rates.
 The due date for both
 returns is January 31,
 1991.

QUESTIONS?

If you have questions or need more information, please call or write us. Our telephone numbers and address are listed at the bottom of this bulletin.

FOR CALL: 1 800 732-8866 or INFORMATION 1 217 782-3336

WRITE: Illinois Department of Revenue

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